

CITY OF BISMARCK EMPLOYEES PENSION FUND
INVESTMENT PERFORMANCE REPORT AS OF OCTOBER 31, 2006

| | October-06 | | | | September-06 | | | | Current | Prior Year | 3 Years | 5 Years |
|--|------------------|--------------|--------------|--------------|------------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|
| | Allocation | | Month | | Allocation | | Quarter | | Fiscal YTD | FY06 | Ended | Ended |
| | Market Value | Actual | Policy | Net ROR | Market Value | Actual | Policy | Net ROR | Net ROR | Net ROR | 6/30/2006 | 6/30/2006 |
| | | | | | | | | | | | | |
| LARGE CAP DOMESTIC EQUITY | | | | | | | | | | | | |
| <i>Structured Growth</i> | | | | | | | | | | | | |
| LA Capital | 1,421,237 | 3.1% | 3.0% | 4.52% | 1,357,417 | 3.0% | 3.0% | 1.81% | 6.41% | 11.88% | N/A | N/A |
| Total Structured Growth | 1,421,237 | 3.1% | 3.0% | 4.52% | 1,357,417 | 3.0% | 3.0% | 1.81% | 6.41% | 11.88% | 12.99% | 0.19% |
| <i>Russell 1000 Growth</i> | | | | 3.52% | | | | 3.94% | 7.59% | 6.12% | 8.34% | -0.77% |
| <i>Structured Value</i> | | | | | | | | | | | | |
| LSV | 1,428,285 | 3.1% | 3.0% | 3.49% | 1,392,736 | 3.1% | 3.0% | 4.48% | 8.12% | 15.93% | 21.06% | 12.29% |
| <i>Russell 1000 Value</i> | | | | 3.27% | | | | 6.22% | 9.70% | 12.10% | 15.70% | 6.89% |
| <i>Enhanced Russell 1000 Index</i> | | | | | | | | | | | | |
| LA Capital | 1,351,609 | 2.9% | 3.0% | 3.82% | 1,299,617 | 2.9% | 3.0% | 3.51% | 7.46% | 12.49% | 12.73% | 3.75% |
| <i>Russell 1000</i> | | | | 3.40% | | | | 5.06% | 8.62% | 9.08% | 12.05% | 3.12% |
| <i>Enhanced S&P 500 Index</i> | | | | | | | | | | | | |
| Northern Trust | 1,370,524 | 3.0% | 3.0% | 3.16% | 1,326,246 | 2.9% | 3.0% | 6.56% | 9.93% | 9.33% | 11.32% | 2.81% |
| Westridge | 1,534,472 | 3.3% | 3.0% | 3.29% | 1,482,915 | 3.3% | 3.0% | 5.68% | 9.16% | 8.80% | 11.46% | 2.80% |
| Wells Capital | 908,756 | 2.0% | 2.0% | 5.32% | 847,923 | 1.9% | 2.0% | 1.21% | 6.60% | N/A | N/A | N/A |
| Franklin | 929,053 | 2.0% | 2.0% | 4.03% | 891,568 | 2.0% | 2.0% | | N/A | N/A | N/A | N/A |
| Total Enhanced S&P 500 Index | 4,742,805 | 8.2% | 8.0% | 3.78% | 4,548,652 | 8.1% | 8.0% | 5.15% | 9.12% | 8.58% | 11.40% | 2.76% |
| <i>S&P 500</i> | | | | 3.26% | | | | 5.67% | 9.11% | 8.63% | 11.22% | 2.49% |
| <i>S&P 500 Index</i> | | | | | | | | | | | | |
| State Street | 614,428 | 1.3% | 1.4% | 3.78% | 591,044 | 1.3% | 1.4% | 5.79% | 9.79% | 9.62% | 11.55% | 2.70% |
| <i>S&P 500</i> | | | | 3.26% | | | | 5.67% | 9.11% | 8.63% | 11.22% | 2.49% |
| TOTAL LARGE CAP DOMESTIC EQUITY | 9,558,364 | 20.6% | 20.0% | 3.85% | 9,189,466 | 20.3% | 20.0% | 4.32% | 8.33% | 10.93% | 13.21% | 3.86% |
| <i>S&P 500</i> | | | | 3.26% | | | | 5.67% | 9.11% | 8.63% | 11.22% | 2.49% |
| SMALL CAP DOMESTIC EQUITY | | | | | | | | | | | | |
| <i>Manager-of-Managers</i> | | | | | | | | | | | | |
| SEI | 4,150,538 | 8.9% | 8.6% | 5.47% | 3,934,838 | 8.7% | 8.6% | -0.01% | 5.45% | 13.56% | 18.31% | 8.00% |
| <i>Russell 2000 + 200bp</i> | | | | 5.92% | | | | 0.94% | 6.92% | 16.86% | 21.06% | 10.71% |
| Callan | 1,606,728 | 3.5% | 3.4% | 5.20% | 1,527,501 | 3.4% | 3.4% | -0.91% | 4.24% | N/A | N/A | N/A |
| <i>Russell 2000</i> | | | | 5.76% | | | | 0.44% | 6.22% | | | |
| TOTAL SMALL CAP DOMESTIC EQUITY | 5,757,266 | 12.4% | 12.0% | 5.39% | 5,462,338 | 12.1% | 12.0% | -0.27% | 5.11% | 13.40% | 18.25% | 7.97% |
| <i>Russell 2000</i> | | | | 5.76% | | | | 0.44% | 6.22% | 14.58% | 18.70% | 8.50% |
| INTERNATIONAL EQUITY | | | | | | | | | | | | |
| <i>Large Cap - Core</i> | | | | | | | | | | | | |
| State Street | 518,951 | 1.1% | 1.1% | 4.66% | 495,659 | 1.1% | 1.1% | 3.40% | 8.22% | 27.85% | 20.61% | 6.87% |
| <i>MSCI EAFE (1)</i> | | | | 3.89% | | | | 3.93% | 7.97% | 26.56% | 20.76% | 5.94% |
| <i>Large Cap - Active</i> | | | | | | | | | | | | |
| Capital Guardian | 1,549,288 | 3.3% | 3.3% | 3.83% | 1,491,429 | 3.3% | 3.3% | 4.95% | 8.97% | 28.01% | 21.32% | 6.58% |
| LSV | 1,525,759 | 3.3% | 3.3% | 3.80% | 1,468,655 | 3.2% | 3.3% | 5.93% | 9.96% | 27.77% | N/A | N/A |
| Bank of Ireland | 505,354 | 1.1% | 1.1% | 3.82% | 486,450 | 1.1% | 1.1% | 3.02% | 6.95% | 22.00% | 19.16% | N/A |
| Total Large Cap - Active | 3,580,401 | 7.7% | 7.7% | 3.81% | 3,446,534 | 7.6% | 7.7% | 5.09% | 9.10% | 27.11% | 21.84% | 7.14% |
| <i>MSCI EAFE - 50% Hedged</i> | | | | 3.38% | | | | 4.87% | 8.42% | 26.72% | 22.56% | 6.89% |
| <i>Small Cap - Active</i> | | | | | | | | | | | | |
| Lazard | 498,168 | 1.1% | 1.1% | 5.15% | 473,447 | 1.0% | 1.1% | 1.38% | 6.60% | 25.04% | 29.34% | N/A |
| Wellington | 484,740 | 1.0% | 1.1% | 2.23% | 473,928 | 1.0% | 1.1% | 3.21% | 5.52% | 23.35% | 25.26% | N/A |
| Total Small Cap - Active | 982,909 | 2.1% | 2.2% | 3.69% | 947,375 | 2.1% | 2.2% | 2.29% | 6.06% | 24.18% | 27.28% | N/A |
| <i>Citigroup Broad Market Index < \$2BN</i> | | | | 3.40% | | | | 1.55% | 5.00% | 29.21% | 32.36% | N/A |
| TOTAL INTERNATIONAL EQUITY | 5,082,261 | 10.9% | 11.0% | 3.88% | 4,889,568 | 10.8% | 11.0% | 4.36% | 8.41% | 26.61% | 22.77% | 8.74% |
| <i>MSCI EAFE - 50% Hedged</i> | | | | 3.38% | | | | 4.87% | 8.42% | 26.72% | 22.56% | 6.89% |
| EMERGING MARKETS EQUITY | | | | | | | | | | | | |
| <i>Core</i> | | | | | | | | | | | | |
| JP Morgan | 169,484 | 0.4% | 0.3% | 5.13% | 161,122 | 0.4% | 0.3% | 7.76% | 13.29% | N/A | N/A | N/A |
| PanAgora | 142,402 | 0.3% | 0.0% | 4.72% | 135,934 | 0.3% | 0.0% | 4.96% | 9.92% | N/A | N/A | N/A |
| WestLB | 144,576 | 0.3% | 0.0% | 5.03% | 137,786 | 0.3% | 0.0% | 2.94% | 8.12% | N/A | N/A | N/A |
| UBS | 256,667 | 0.6% | 0.6% | 4.48% | 245,500 | 0.5% | 0.6% | 4.67% | 9.36% | N/A | N/A | N/A |
| Total Core | 713,128 | 1.5% | 1.3% | 4.79% | 680,342 | 1.5% | 1.3% | 5.09% | 10.13% | 35.59% | 32.44% | 18.61% |
| <i>MSCI Emerging Markets</i> | | | | 4.75% | | | | 5.01% | 10.00% | 35.91% | 22.39% | 12.89% |
| <i>Small Cap</i> | | | | | | | | | | | | |
| DFA | 163,625 | 0.4% | 0.4% | 7.46% | 152,155 | 0.3% | 0.4% | 8.53% | 16.63% | N/A | N/A | N/A |
| <i>MSCI Emerging Markets</i> | | | | 4.75% | | | | 5.01% | 10.00% | | | |
| TOTAL EMERGING MARKETS EQUITY | 876,753 | 1.9% | 2.0% | 5.28% | 832,497 | 1.8% | 2.0% | 5.71% | 11.28% | 34.40% | 32.05% | 18.40% |
| <i>MSCI Emerging Markets</i> | | | | 4.75% | | | | 5.01% | 10.00% | 35.91% | 34.76% | 21.54% |
| DOMESTIC FIXED INCOME | | | | | | | | | | | | |
| <i>Core Bond</i> | | | | | | | | | | | | |
| Western Asset | 1,660,620 | 3.6% | 3.5% | 0.83% | 1,632,663 | 3.6% | 3.5% | 4.29% | 5.16% | -1.15% | 2.65% | 5.96% |
| <i>Lehman Aggregate</i> | | | | 0.66% | | | | 3.81% | 4.49% | -0.81% | 2.05% | 4.97% |
| <i>Index</i> | | | | | | | | | | | | |
| Bank of ND | 3,064,823 | 6.6% | 7.3% | 0.54% | 3,025,108 | 6.7% | 7.3% | 3.77% | 4.32% | -1.37% | 1.53% | 5.24% |
| Total Index | 3,064,823 | 6.6% | 7.3% | 0.54% | 3,025,108 | 6.7% | 7.3% | 3.77% | 4.32% | -0.69% | 2.10% | 5.27% |
| <i>Lehman Gov/Credit</i> | | | | 0.63% | | | | 3.91% | 4.57% | -1.52% | 1.60% | 5.13% |
| <i>Convertibles</i> | | | | | | | | | | | | |
| TCW (2) | 1 | 0.0% | 0.0% | N/A | 1,418,857 | 3.1% | 3.5% | 2.85% | N/A | 4.54% | 6.78% | 1.15% |
| Calamos | 1,464,929 | 3.2% | 3.5% | 2.55% | - | 0.0% | 0.0% | N/A | N/A | N/A | N/A | N/A |
| Total Convertibles | 1,464,930 | 3.2% | 3.5% | 2.55% | 1,418,857 | 3.1% | 3.5% | 2.85% | 5.48% | 4.54% | 6.78% | 1.15% |
| <i>Merrill Lynch All Convertibles (3)</i> | | | | 2.59% | | | | 2.79% | 5.44% | 9.37% | 8.01% | 4.94% |

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| | October-06 | | | | September-06 | | | | Current | Prior Year | 3 Years | 5 Years |
|---|--------------|--------|--------|---------|--------------|--------|---------|---------|------------|------------|-----------|-----------|
| | Allocation | | Month | | Allocation | | Quarter | | Fiscal YTD | FY06 | Ended | Ended |
| | Market Value | Actual | Policy | Net ROR | Market Value | Actual | Policy | Net ROR | Net ROR | Net ROR | 6/30/2006 | 6/30/2006 |
| | | | | | | | | | | | Net | Net |
| BBB Average Quality | | | | | | | | | | | | |
| Wells Capital | 1,656,432 | 3.6% | 3.5% | 0.95% | 1,628,090 | 3.6% | 3.5% | 4.58% | 5.57% | -2.70% | 3.36% | 5.51% |
| <i>Lehman BBB</i> | | | | 0.89% | | | | 4.80% | 5.73% | -2.37% | 2.39% | 6.10% |
| Private Debt | | | | | | | | | | | | |
| Prudential | 1,656,915 | 3.6% | 3.5% | 0.67% | 1,632,976 | 3.6% | 3.5% | 3.84% | 4.54% | -0.13% | N/A | N/A |
| <i>Lehman Aggregate</i> | | | | 0.66% | | | | 3.81% | 4.49% | -0.81% | N/A | N/A |
| Timberland | | | | | | | | | | | | |
| TIR - Teredo (4) | 1,196,342 | 2.6% | 2.6% | 2.31% | 1,161,802 | 2.6% | 2.6% | -0.19% | 2.12% | -1.44% | 7.62% | N/A |
| TIR - Springbank | 2,445,469 | 5.3% | 5.3% | -0.22% | 2,433,776 | 5.4% | 5.4% | -0.06% | -0.27% | 13.53% | N/A | N/A |
| Total Timberland | 3,641,812 | 7.8% | 7.8% | 0.60% | 3,595,578 | 7.9% | 7.9% | -0.10% | 0.50% | 9.43% | 20.37% | N/A |
| <i>NCREIF Timberland Index</i> | | | | 1.15% | | | | 3.49% | 4.68% | 19.69% | 13.94% | N/A |
| TOTAL DOMESTIC FIXED INCOME | 13,145,533 | 28.3% | 29.0% | 0.88% | 12,933,273 | 28.5% | 29.0% | 2.67% | 3.58% | 3.12% | 8.91% | 8.14% |
| <i>Lehman Aggregate</i> | | | | 0.66% | | | | 3.81% | 4.49% | -0.81% | 2.05% | 4.97% |
| HIGH YIELD BONDS | | | | | | | | | | | | |
| Core | | | | | | | | | | | | |
| Loomis Sayles | 1,381,216 | 3.0% | 3.0% | 1.91% | 1,355,582 | 3.0% | 3.0% | 4.85% | 6.85% | 4.74% | N/A | N/A |
| Sutter/Wells Capital | 1,346,476 | 2.9% | 3.0% | 1.34% | 1,334,380 | 2.9% | 3.0% | 2.84% | 4.22% | 4.70% | N/A | N/A |
| Total Core | 2,727,692 | 5.9% | 6.0% | 1.63% | 2,689,962 | 5.9% | 6.0% | 3.84% | 5.53% | 4.72% | 5.70% | 3.38% |
| <i>LB High Yield 2% Issuer Contstrained Index</i> | | | | 1.36% | | | | 3.76% | 5.18% | 4.38% | N/A | N/A |
| Mezzanine Debt | | | | | | | | | | | | |
| Goldman Sachs | 19,270 | 0.0% | 0.0% | 0.00% | 19,270 | 0.0% | 0.0% | 0.00% | 0.00% | N/A | N/A | N/A |
| TOTAL HIGH YIELD BONDS | 2,746,963 | 5.9% | 6.0% | 1.61% | 2,709,233 | 6.0% | 6.0% | 3.82% | 5.50% | 4.72% | 8.34% | 7.47% |
| <i>LB High Yield 2% Issuer Contstrained Index</i> | | | | 1.36% | | | | 3.76% | 5.18% | 4.38% | 8.48% | 8.60% |
| INTERNATIONAL FIXED INCOME | | | | | | | | | | | | |
| International Sovereign | | | | | | | | | | | | |
| UBS Global (Brinson) | 2,104,637 | 4.5% | 4.8% | 1.06% | 2,067,120 | 4.6% | 4.8% | -0.15% | 0.91% | 0.13% | 5.24% | 9.99% |
| <i>Citigroup Non-US Gov't Bond Index (5)</i> | | | | 1.07% | | | | 0.89% | 1.97% | -0.11% | 5.01% | 9.58% |
| International Core | | | | | | | | | | | | |
| Brandywine | 2,143,129 | 4.6% | 4.8% | 1.79% | 2,118,666 | 4.7% | 4.8% | 1.93% | 3.76% | 3.89% | 8.39% | N/A |
| <i>Lehman Global Aggregate (ex-US)</i> | | | | 1.16% | | | | 1.13% | 2.30% | 3.83% | 5.69% | N/A |
| TOTAL INTERNATIONAL FIXED INCOME | 4,247,766 | 9.1% | 9.5% | 1.43% | 4,185,787 | 9.2% | 9.5% | 0.89% | 2.34% | 2.01% | 6.82% | 10.91% |
| <i>Citigroup Non-US Gov't Bond Index (5)</i> | | | | 1.07% | | | | 0.89% | 1.97% | 0.00% | 5.05% | 9.60% |
| REAL ESTATE | | | | | | | | | | | | |
| INVESCO | 2,036,377 | | | 0.00% | 2,083,953 | | | 1.55% | 1.55% | 23.84% | N/A | N/A |
| J.P. Morgan Strategic & Special Funds | 2,074,093 | | | 1.00% | 2,106,681 | | | 4.36% | 5.41% | 21.05% | 17.14% | 12.52% |
| J.P. Morgan Alternative Property Fund | 499,496 | | | 0.00% | 461,516 | | | -2.82% | -2.82% | N/A | N/A | N/A |
| TOTAL REAL ESTATE | 4,609,966 | 9.9% | 9.5% | 0.45% | 4,652,149 | 10.3% | 9.5% | 2.40% | 2.86% | 22.09% | 17.14% | 12.52% |
| <i>NCREIF TOTAL INDEX</i> | | | | 1.16% | | | | 3.51% | 4.71% | 18.22% | 15.63% | 12.19% |
| ALTERNATIVE INVESTMENTS | | | | | | | | | | | | |
| Coral Partners V | 14,408 | | | 0.00% | 21,372 | | | -0.31% | -0.31% | 8.74% | -15.32% | -24.06% |
| Coral Partners V - Supplemental | 1,754 | | | 0.00% | 1,941 | | | -0.70% | -0.70% | 10.53% | 10.33% | N/A |
| Coral Partners VI | 29,896 | | | 0.00% | 32,830 | | | -0.08% | -0.08% | -6.22% | -10.14% | N/A |
| Brinson 1998 Partnership Fund | 4,217 | | | 0.00% | 4,498 | | | 4.03% | 4.03% | 16.52% | 15.11% | 1.97% |
| Brinson 1999 Partnership Fund | 10,466 | | | 0.00% | 11,164 | | | 8.99% | 8.99% | 14.27% | 12.72% | -1.26% |
| Brinson 2000 Partnership Fund | 24,449 | | | 0.00% | 26,079 | | | 4.86% | 4.86% | 28.22% | 17.90% | 3.70% |
| Brinson 2001 Partnership Fund | 17,410 | | | 0.00% | 18,570 | | | 8.12% | 8.12% | 19.85% | 9.95% | 3.22% |
| Brinson 2002 Partnership Fund | 10,343 | | | 0.00% | 11,032 | | | 9.58% | 9.58% | 32.42% | 13.22% | N/A |
| Brinson 2003 Partnership Fund | 2,709 | | | 0.00% | 2,889 | | | 3.05% | 3.05% | 25.48% | 6.77% | N/A |
| Brinson 1999 Non-US Partnership Fund | 2,864 | | | 0.00% | 4,192 | | | 16.69% | 16.69% | 40.48% | 30.98% | 18.60% |
| Brinson 2000 Non-US Partnership Fund | 6,878 | | | 0.00% | 7,337 | | | 26.11% | 26.11% | 35.03% | 21.65% | 13.01% |
| Brinson 2001 Non-US Partnership Fund | 8,653 | | | 0.00% | 9,230 | | | 7.27% | 7.27% | 27.25% | 17.46% | 8.96% |
| Brinson 2002 Non-US Partnership Fund | 10,358 | | | 0.00% | 12,399 | | | 17.05% | 17.05% | 38.11% | 22.66% | N/A |
| Brinson 2003 Non-US Partnership Fund | 8,860 | | | 0.00% | 8,024 | | | 21.45% | 21.45% | 31.08% | 8.89% | N/A |
| Brinson 2004 Non-US Partnership Fund | 3,455 | | | 0.00% | 2,976 | | | -0.77% | -0.77% | 24.56% | N/A | N/A |
| Brinson BVCF IV | 41,187 | | | 0.00% | 39,647 | | | 9.17% | 9.17% | 31.35% | 19.07% | 0.41% |
| Adams Street Direct Co-investment Fund | 4,277 | | | 0.00% | 4,803 | | | N/A | N/A | N/A | N/A | N/A |
| Matlin Patterson Global Opportunities | 26,978 | | | 0.00% | 28,776 | | | -5.52% | -5.52% | -11.68% | 26.48% | N/A |
| Matlin Patterson Global Opportunities II | 59,373 | | | 0.00% | 52,926 | | | 0.71% | 0.71% | -0.85% | N/A | N/A |
| InvestAmerica | 12,801 | | | 0.00% | 13,654 | | | 30.21% | 30.21% | 0.00% | -9.20% | N/A |
| Hearthstone MSII | 999 | | | 0.00% | 330 | | | 0.00% | 0.00% | -100.00% | -100.00% | -100.00% |
| Hearthstone MSIII | 9,201 | | | 0.00% | 772 | | | 38.24% | 38.24% | 59.61% | N/A | N/A |
| Quantum Resources | 2,975 | | | N/A | - | | | N/A | N/A | N/A | N/A | N/A |
| TOTAL ALTERNATIVE INVESTMENTS (6) | 314,510 | 0.7% | 1.0% | 0.00% | 315,440 | 0.7% | 1.0% | 6.16% | 6.16% | 11.08% | 10.40% | -2.89% |
| CASH EQUIVALENTS | | | | | | | | | | | | |
| Northern Trust STIF/STEP | 90,954 | 0.2% | 0.0% | 0.45% | 142,336 | 0.3% | 0.0% | 1.34% | 1.80% | 4.31% | 2.64% | 2.41% |
| <i>90 Day T-Bill</i> | | | | 0.38% | | | | 1.33% | 1.71% | 4.00% | 2.37% | 2.25% |
| TOTAL FUND | 46,430,337 | 100.0% | 100.0% | 2.47% | 45,312,087 | 100.0% | 100.0% | 2.80% | 5.35% | 9.13% | 12.57% | 7.23% |
| POLICY TARGET BENCHMARK | | | | 2.18% | | | | 3.30% | 5.55% | 6.25% | 8.80% | 5.55% |

NOTE: Monthly returns and market values are preliminary and subject to change.

(1) This benchmark was changed to the MSCI EAFE (unhedged) as of December 1, 2004.

(2) TCW was terminated on September 22, 2006. The portfolio was transferred to Calamos on October 5, 2006.

(3) Prior to January 1, 2005, the benchmark was the First Boston Convertible Index.

(4) Prior to June 1, 2006, the Tored properties were under the management of RMK.

(5) Previously this benchmark was titled Salomon Brothers Non-US Gov't Bond Index.

(6) Because of the variation in fee calculations in Alternative Investments, only net returns will be shown until June of each year when actual costs are known.